

protect taxpayers from one corporation's sweetheart deal that smells worse by the day. This \$2.5 billion loan to the DM&E should not be allowed take place and taxpayers in Minnesota and across the United States should be outraged at this pork barrel corporate welfare giveaway.

LETTER OF PRESENTATION—MAY 8, 2006

This purpose of this report is to inform Members of Congress, the Department of Transportation, the Federal Railroad Administration ("FRA"), and others of issues surrounding the \$2,500,000,000 loan application of the Dakota Minnesota & Eastern Railroad Corporation ("DM&E") under the Railroad Rehabilitation and Improvement Financing ("RRIF") program.

The broader purpose of the RRIF program is the improvement and expansion of the nation's railroad system. Nevertheless, the program is organized as government loans, not government grants. Therefore, borrowers must exhibit the ability to repay the loan.

In its RRIF loan review capacity, the FRA is charged with responsibility for assessing applications. Each loan application must be approved on its own merits, taking into consideration (among other things) the creditworthiness of the borrower.

DM&E has filed an application for a \$2,500,000,000 FRA loan. Based upon our review, we have serious concerns about the ability of DM&E to repay such a loan. We believe that the applicant may not meet the minimum requirements for the approval of such a loan.

Based on the limited available data, DM&E appears to be an undercapitalized and financially precarious company. However, because DM&E is a private company with little financial disclosure, we are limited in our ability to fully assess the company's financial strength or weakness. As a result, no concerned citizen has adequate information to fully assess DM&E's FRA loan application.

The nondisclosure of the DM&E financial data has been rationalized by the competitive nature of the information contained therein, on the belief that disclosure of even rudimentary financial information would compromise the company's ability to compete in the railroad industry. However, many railroad companies are publicly held, fully disclosing detailed financial information without compromising their competitiveness.

We believe that the primary risk to DM&E of disclosure of its financial status may not be the loss of any competitive advantages, rather the disclosure of its financial weaknesses and unsuitability for the RRIF loan.

Given the available public information concerning DM&E's plans, supplemented with the expertise of consultants in the railroad industry, we have endeavored to construct a reasonable facsimile of what we believe to be DM&E's current economic realities and to forecast the results of the proposed Powder River Basin project assuming extension of the FRA loan.

Our financial projections and assessments utilize dated materials from DM&E's Surface Transportation Board ("STB") application of 1998, as well as more recent information, taking into account the fact that costs, markets, and industry financial conditions have changed materially since that date. We have updated these projections based on the comprehensive knowledge provided by railroad industry consultants, G. W. Fauth & Associates, Inc., and Gerald E. Vaninetti.

If the FRA believes that it should disregard the economics associated with DM&E's proposed project and that non-financial, public policy reasons require approval

of its loan application, then FRA must require collateral in the form of a Credit Risk Premium (CRP). Under current law, this CRP must now be based on DM&E's potential "going concern value." Based on this approach, we have determined that FRA should set a CRP of approximately \$1.4 billion which represents 57% on the loan amount.

To the extent that our information or assumptions are dated or at variance with DM&E's financial statements, internal projections or the contents of its loan application, we welcome the opportunity to review those financial statements.

We note that the DM&E's submissions to the STB were public documents. While the FRA is allowed to keep application data private, it is not required to do so. Like the STB, the FRA could disclose this information to lawyers and independent consultants under a protective order. This is by far the largest FRA loan of its kind, suggesting that the FRA may want to reexamine its non-disclosure policy.

We believe that citizens whose taxpayer dollars may be at risk have the right to inform the FRA of concerns regarding DM&E's \$2,500,000,000 loan application. Only with transparency of the loan application and approval process can the integrity of a fair and honest system be assured.

### CONDEMNING THE RECENT ATTACKS AGAINST THE STATE OF ISRAEL

SPEECH OF

**HON. MICHAEL H. MICHAUD**

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 19, 2006*

Mr. MICHAUD. Madam Speaker, I rise today in support of H. Res. 921.

We must fully and clearly condemn the attacks on sovereign, undisputed Israeli territory as the terrorist attacks that they are. The June 25th murders and kidnapping carried out by Hamas are an act of war. The July 12th murders and kidnappings carried out by Hezbollah are an act of war. As a sovereign state, Israel has the right to defend itself and its citizens from these attacks.

Hezbollah must immediately stop its attacks on innocent Israelis. All provisions of United Nations Resolution 1559 calling for the complete withdrawal of all foreign forces from Lebanon and the dismantlement of all independent militias in Lebanon must be fully implemented. Iran and Syria must end their proxy war with Israel at the expense of the Lebanese, Israeli, and Palestinian people.

Israel has the right to defend itself from these most recent criminal attacks, but I believe Israel must show restraint and limit civilian casualties as it struggles to end the threat posed by the terrorist organization Hezbollah—an organization which is responsible for more American deaths in recent decades than any other group except Al Qaeda. The Lebanese government must be able in the future to provide security within its own country and return to the path of peace and mutual security. That is the path of hope.

We all look toward the day when a secure Israel can live in peace with its neighbors, including a sovereign democratic and peaceful Palestinian state. If we are ever going to reach that goal, a goal shared by a majority of the world, then the United States and the inter-

national community must be fully diplomatically engaged in ending the terror and violence suffered in the region. My thoughts and prayers are with the innocent Israelis, Palestinians, Lebanese and foreign nationals who are all in harm's way.

I condemn this new escalation of violence and the terrorist attacks on Israel. I join my colleagues in standing with our ally Israel during this time of struggle. I call on the terrorist groups to release their hostages and turn away from the path of violence. I pray for lasting peace and mutual security and prosperity for all who suffer through this terrible conflict.

FANNIE LOU HAMER, ROSA PARKS, AND CORETTA SCOTT KING VOTING RIGHTS ACT REAUTHORIZATION AND AMENDMENTS ACT OF 2006

SPEECH OF

**HON. NYDIA M. VELÁZQUEZ**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, July 13, 2006*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 9) to amend the Voting Rights Act of 1965:

Ms. VELÁZQUEZ. Mr. Chairman, I rise today in support of the reauthorization of the provisions of this important civil rights law, the Voting Rights Act. The origins of this law are the truest reflection of our Nation's struggle and aspiration to build a better country for all of its citizens. We have made great advances. This does not mean that we have overcome. We still need to make great strides in our road toward building a more perfect union.

The Voting Rights Act was necessary in the 1960's because for over 100 years, in certain parts of our country, millions of U.S. citizens had their right to vote limited or denied just because of the color of their skin. Those were not our country's proudest years.

Is the Voting Rights Act important today? Yes. The problems in our country that led to the enactment of this law are not in the distant past. Our work is not done. Our country still struggles to find the path of equality and "The Fannie Lou Hamer, Rosa Parks, and Coretta Scott King Voting Rights Act Reauthorization Act" is still needed to keep us on the right and just path in our country's historic democratic experiment.

I celebrate the great accomplishments of the Civil Rights Movement and the political leadership of the time that led to the enactment of the Civil Rights Legislation and the crowning achievement, the Voting Rights Act. The importance of this law can be seen in every election where minorities have the right to elect people that truly stand for their interests; every time someone is able to mark a ballot with instructions in a language that he or she can understand; and every time unfair elections conditions are corrected to be just and fair for all citizens. Mr. Speaker, this law is needed because there are still acts of discrimination taking place. We still need the Voting Rights Act.

Now, I know there are those who believe this is a political party issue. But this is not a Democrat or Republican partisan issue—this is an American issue and this bill has bipartisan support.